

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7612

BILL NUMBER: HB 1431

NOTE PREPARED: Jan 8, 2007

BILL AMENDED:

SUBJECT: Floodway Reclamation.

FIRST AUTHOR: Rep. Buck

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes the Floodway Reclamation Revolving Fund to assist counties and municipalities in purchasing damaged residential property in floodways. The bill transfers money from the Counter-Cyclical Revenue and Economic Stabilization Fund to the fund. It makes an appropriation.

Effective Date: July 1, 2007.

Explanation of State Expenditures: The bill establishes the Floodway Reclamation Revolving Fund for the purpose of providing loans to counties and municipalities to purchase damaged residential property in floodways. The fund consists of appropriations and loan repayments. The fund is administered by the Department of Natural Resources (DNR). If the DNR needs to hire additional staff to administer the fund, expenses of administering the fund, such as personnel expenses, are paid from the money in the fund. Money in the fund is continually appropriated to the DNR for the purpose of making loans.

On July 1, 2007, the Treasurer of State must transfer \$20 M from the Counter-Cyclical Revenue and Economic Stabilization Fund (Rainy Day Fund) to the Floodway Reclamation Revolving Fund. For FY 2006, the Rainy Day Fund had a balance of \$328 M.

Beginning July 1, 2013, if the amount in the loan fund at the end of a state fiscal year exceeds \$5 M, the Treasurer of State must transfer the amount that exceeds \$5 M from the loan fund to the Rainy Day Fund.

Explanation of State Revenues: The Treasurer of State must invest money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Money in the fund at the end of a state fiscal year does not revert to the state General Fund.

Explanation of Local Expenditures: A county or municipality that receives a loan from the fund must pay back to the fund the principal plus interest. If the principal is repaid within 3 years, the county or municipality must not be charged any interest. If the principal is not repaid within 3 years, payments made more than 3 years but less than 5 years after the loan is made must include, in addition to the repayment of principal, simple interest at the rate of 3% per annum (calculated without compounding) on the remaining principal balance. Payments made more than 5 years after the loan is made must include, in addition to the principal, simple interest at the rate of 5% per annum (without compounding) on the remaining principal balance of the loan.

The duration of a loan made from the fund may not exceed 10 years. When a county or municipality transfers property purchased with a loan, the deed must include a restriction prohibiting building or rebuilding any permanent structure in the floodway.

Explanation of Local Revenues:

State Agencies Affected: DNR; Treasurer of State.

Local Agencies Affected: Counties and Municipalities.

Information Sources:

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